



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**LIBERTY TOWNSHIP
TRUMBULL COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 - 2022**



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Columbus, Ohio 43215
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800-282-0370

Board of Trustees
Liberty Township
1315 Churchill-hubbard Road
Youngstown, OH 44505

We have reviewed the *Independent Auditor's Report* of the Liberty Township, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Liberty Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 05, 2024

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LIBERTY TOWNSHIP
TRUMBULL COUNTY

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INDEPENDENT AUDITOR'S REPORT

Liberty Township
Trumbull County
1315 Churchill Hubbard Road
Youngstown, Ohio 44505

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Liberty Township, Trumbull County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township 's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 27, 2024

**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 442,425	\$ 5,447,972	\$ -	\$ 5,890,397
Charges for Services	-	574,271	-	574,271
Licenses, Permits and Fees	428,985	19,972	-	448,957
Fines and Forfeitures	1,422,417	123,506	-	1,545,923
Intergovernmental	47,188	395,176	963	443,327
Special Assessments	-	130,586	-	130,586
Earnings on Investments	163,378	42,843	-	206,221
Miscellaneous	77,002	268,461	-	345,463
<i>Total Cash Receipts</i>	<u>2,581,395</u>	<u>7,002,787</u>	<u>963</u>	<u>9,585,145</u>
Cash Disbursements				
Current:				
General Government	896,679	-	-	896,679
Public Safety	3,514	6,262,292	-	6,265,806
Public Works	7,717	1,597,899	-	1,605,616
Health	-	23,032	-	23,032
Conservation-Recreation	79,571	-	-	79,571
Capital Outlay	1,228,264	300,891	2,290	1,531,445
Debt Service:				
Principal Retirement	-	234,391	-	234,391
Interest and Fiscal Charges	-	16,905	-	16,905
<i>Total Cash Disbursements</i>	<u>2,215,745</u>	<u>8,435,410</u>	<u>2,290</u>	<u>10,653,445</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>365,650</u>	<u>(1,432,623)</u>	<u>(1,327)</u>	<u>(1,068,300)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	62,364	-	62,364
Transfers In	-	839,739	-	839,739
Transfers Out	(839,739)	-	-	(839,739)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(839,739)</u>	<u>902,103</u>	<u>-</u>	<u>62,364</u>
<i>Net Change in Fund Cash Balances</i>	(474,089)	(530,520)	(1,327)	(1,005,936)
<i>Fund Cash Balances, January 1 (Restated, See note 13)</i>	<u>1,399,100</u>	<u>5,141,702</u>	<u>1,327</u>	<u>6,542,129</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 925,011</u>	<u>\$ 4,611,182</u>	<u>\$ -</u>	<u>\$ 5,536,193</u>

The notes to the financial statements are an integral part of this statement.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Trumbull County, (the Township) as a body corporate and politic. The Township is a Home Rule Township established under the laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, zoning, parks, police protection, fire protection and emergency medical services

The Township was placed in Fiscal Caution on October 3, 2013, by the Auditor of State's Office, pursuant to Ohio Revised Code Section 118.025(A). As of December 31, 2023, the Township's General Fund and Police District Fund balance is a positive \$925,011 and \$1,347,354. The Township's plan to increase the fund balance in the General Fund and Police District Fund is to try to decrease disbursements and increase revenue.

Public Entity Risk Pools

The Township participates in a public entity risk. Note 6 to the financial statements provide additional information for this entity. This organization is:

Ohio Township Association Risk Management Authority (OTARMA) provides property and casualty coverage for its members.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund This fund receives property tax money for the general operation of the police department.

Fire District Fund This fund receives property tax money for the general operation of the fire department.

Road and Bridge Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Special Revenue Funds (Continued)

Lighting Assessment Fund This fund receives property tax money for lighting streets and public areas in the township

American Rescue Plan Funds This fund receives money from the federal American Rescue Plan to address the impact of COVID-19.

Ambulance and EMS Fund This fund receives all monies from insurance companies both directly and through third party collection service for the ambulance runs the Fire Department does daily for our residents and those who travel through our Township.

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

OPWC Funds The Township received Ohio Public Works Commission funds from the State agency for capital improvements to our roads. The proceeds are restricted for these capital improvements.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,741,573	\$ 2,581,395	\$ (160,178)
Special Revenue	7,746,019	7,904,890	158,871
Capital Projects	963	963	-
Total	\$ 10,488,555	\$ 10,487,248	\$ (1,307)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,542,716	\$ 3,062,016	\$ 480,700
Special Revenue	10,331,157	8,479,831	1,851,326
Capital Projects	2,290	2,290	-
Total	\$ 13,876,163	\$ 11,544,137	\$ 2,332,026

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts that are not part of this pool. A summary of the Township's deposit and investment accounts are as follows:

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (Continued)

	2023
Demand deposits	\$ 202,703
Total deposits	202,703
STAR Ohio	5,227,343
Repurchase agreement	106,147
Total investments	5,333,490
<i>Total deposits and investments</i>	\$ 5,536,193

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$95,028 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

Note 6 – Risk Management (Continued)

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Risk Pool Membership (Continued)

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

		<u>2023</u>	
Cash and investments	\$	33,494,457	
Actuarial liabilities	\$	10,885,549	

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

44 Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 and 13 percent of their gross salaries, and the Township contributed an amount equaling 14 and 18.1 percent of participants' gross salaries as shown in the chart below. The Township has paid all contributions required through December 31, 2023.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2023</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Law Enforcement</i>	<i>2023</i>	<i>13.00%</i>	<i>18.10%</i>

Ohio Police and Fire Retirement System

23 Township certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Note 7 – Defined Benefit Pension Plans (Continued)

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Ohio Police and Fire Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighter and paramedic members' wages. The Township has paid all contributions required through December 31, 2023.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
OPWC CF12N-Arbor Circle/Goldie Road	\$ 142,406	0.00%
Pumper Fire Truck	309,039	3.14%
OPWC - CF23W - Road Loan - 2019	1,122,121	0.00%
(2) 2022 International HV507 Snowplow Dump Trucks	176,055	2.70%
OPWC CF30Y 2021 Road Resurfacing Part II	325,778	0.00%
Total	\$ 2,075,399	

The OPWC loan for Arbor Circle was fully disbursed during 2018 and will be amortized on a semi-annual basis beginning January 2019 over a Twenty (20) year term with payments of \$9,187 per year.

In 2018, the Township entered into a Master-Lease Purchase agreement with TCF Equipment Finance for a 2018 Medix RP90 Ambulance for \$104,618. The lease was paid-in-full in 2023.

Note 9 – Debt (Continued)

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

In 2019, the Township entered into a Master Lease Purchase agreement with First National Bank Leasing for a 2019 Pumper Fire Truck for \$485,000. The lease is for ten years and is payable from the Fire District fund semi-annually.

The Township issued general obligation notes through OPWC to finance the pavement of roads. The loan was fully disbursed during 2021 and will be amortized on a semi-annual basis beginning July 2021 over a Twelve (12) year term with payments of \$118,118 per year from the Road and Bridge fund. The Township's taxing authority collateralized the notes.

In 2021, the Township entered into a Municipal-Lease Purchase agreement with F.N.B Equipment Finance for two (2) 2022 International HV507 Snowplow Dump Trucks for \$240,057. The lease is for seven years and the first payment is due April 2022.

In 2021, the Township issued general obligation notes through OPWC to finance the resurfacing of roads. The loan was fully disbursed during 2023 and will be amortized on a semi-annual basis beginning July 2023, over a Ten (10) year term with payments of \$34,292 per year from the Road and Bridge Fund.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC - CF12N Arbor Circle/Goldie Road	Pumper Fire Truck	OPWC - CF23W - Road Loan - 2019	(2) 2022 International HV507 Snowplow Dump Trucks	OPWC - CF30Y 2021 Road Resurfacing Part II
2024	\$ 9,187	\$ 56,954	\$ 118,118	\$ 38,169	\$ 34,292
2025	9,187	56,954	118,118	38,169	34,292
2026	9,187	56,954	118,118	38,169	34,292
2027	9,187	56,954	118,118	38,169	34,292
2028	9,187	56,954	118,118	38,167	34,292
2029-2033	45,938	56,954	531,532	-	154,318
2034-2038	45,938	-	-	-	-
2039-2043	4,595	-	-	-	-
Total	<u>\$ 142,406</u>	<u>\$ 341,724</u>	<u>\$ 1,122,122</u>	<u>\$ 190,843</u>	<u>\$ 325,778</u>

Note 10 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Reserved for Retirements	\$ 150,000	\$ 643,750	\$ 793,750
Outstanding Encumbrances	6,532	44,421	50,953
Total	\$ 156,532	\$ 688,171	\$ 844,703

The fund balance of special revenue funds is either restricted or committed. The fund balance capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects, funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Township received no additional COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 13 – Restatement of Fund Balance

The following adjustment is reflected in the January 1, 2023 Special Revenue fund balance:

	Special Revenue Fund
December 31, 2022 ending balance	\$ 5,141,555
To account for checks voided in 2022 from 2021	147
January 1, 2022 restated balance	\$ 5,141,702

**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 419,299	\$ 5,326,594	\$ -	\$ 5,745,893
Charges for Services	-	491,750	-	491,750
Licenses, Permits and Fees	124,329	4,117	-	128,446
Fines and Forfeitures	1,910,159	121,102	-	2,031,261
Intergovernmental	221,388	954,809	-	1,176,197
Special Assessments	-	129,476	-	129,476
Earnings on Investments	22,681	6,023	-	28,704
Miscellaneous	340,984	320,358	-	661,342
<i>Total Cash Receipts</i>	<u>3,038,840</u>	<u>7,354,229</u>	<u>-</u>	<u>10,393,069</u>
Cash Disbursements				
Current:				
General Government	1,043,797	-	-	1,043,797
Public Safety	1,870	6,103,839	-	6,105,709
Public Works	-	866,839	-	866,839
Health	-	18,002	-	18,002
Conservation-Recreation	22,360	-	-	22,360
Capital Outlay	960,635	595,861	-	1,556,496
Debt Service:				
Principal Retirement	-	213,623	-	213,623
Interest and Fiscal Charges	-	14,249	-	14,249
<i>Total Cash Disbursements</i>	<u>2,028,662</u>	<u>7,812,413</u>	<u>-</u>	<u>9,841,075</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,010,178</u>	<u>(458,184)</u>	<u>-</u>	<u>551,994</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	280,560	-	280,560
Transfers In	-	884,812	-	884,812
Transfers Out	(884,812)	-	-	(884,812)
Advances In	10	10	-	20
Advances Out	(10)	(10)	-	(20)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(884,812)</u>	<u>1,165,372</u>	<u>-</u>	<u>280,560</u>
<i>Net Change in Fund Cash Balances</i>	125,366	707,188	-	832,554
<i>Fund Cash Balances, January 1 (Restated, See Note 13)</i>	<u>1,273,734</u>	<u>4,434,367</u>	<u>1,327</u>	<u>5,709,428</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,399,100</u>	<u>\$ 5,141,555</u>	<u>\$ 1,327</u>	<u>\$ 6,541,982</u>

The notes to the financial statements are an integral part of this statement.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Trumbull County, (the Township) as a body corporate and politic. The Township is a Home Rule Township established under the laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, zoning, parks, police protection, fire protection and emergency medical services

The Township was placed in Fiscal Caution on October 3, 2013, by the Auditor of State's Office, pursuant to Ohio Revised Code Section 118.025(A). As of December 31, 2022, the Township's General Fund and Police District Fund balance is a positive \$1,399,100 and \$1,318,585. The Township's plan to increase the fund balance in the General Fund and Police District Fund is to try to decrease disbursements and increase revenue.

Public Entity Risk Pools

The Township participates in a public entity risk. Note 6 to the financial statements provide additional information for this entity. This organization is:

Ohio Township Association Risk Management Authority (OTARMA) provides property and casualty coverage for its members.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund This fund receives property tax money for the general operation of the police department.

Fire District Fund This fund receives property tax money for the general operation of the fire department.

Road and Bridge Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Special Revenue Funds (Continued)

Lighting Assessment Fund This fund receives property tax money for lighting streets and public areas in the township

American Rescue Plan Funds This fund receives money from the federal American Rescue Plan to address the impact of COVID-19.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

OPWC Funds The Township received Ohio Public Works Commission funds from the State agency for capital improvements to our roads. The proceeds are restricted for these capital improvements.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Deposits

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,761,611	\$ 3,038,840	\$ 277,229
Special Revenue	7,892,975	8,519,601	626,626
Capital Projects	-	-	-
Total	\$ 10,654,586	\$ 11,558,441	\$ 903,855

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,601,926	\$ 2,918,137	\$ 683,789
Special Revenue	9,928,723	7,857,976	2,070,747
Capital Projects	-	-	-
Total	\$ 13,530,649	\$ 10,776,113	\$ 2,754,536

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts that are not part of this pool. A summary of the Township's deposit and investment accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$ 125,330
Total deposits	125,330
Repurchase agreement	6,416,652
Total investments	6,416,652
<i>Total deposits and investments</i>	\$ 6,541,982
 Segregated Accounts - Not held in the Pool:	
Retainage Accounts (Not held in the Pool)	\$ 83,758
<i>Total Outside Accounts</i>	\$ 83,758

The Township also has accounts held outside of the deposit pool for retainage related to construction contracts and for monies held in accordance with debt agreements. The amount held in an escrow account for a debt agreement is \$83,758.

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$111,870 in unremitted employee payroll withholdings.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 32,288,098
Actuarial liabilities	\$ 9,146,434

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (Continued)

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

44 Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 and 13 percent of their gross salaries, and the Township contributed an amount equaling 14 and 18.1 percent of participants' gross salaries as shown in the chart below. The Township has paid all contributions required through December 31, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2022</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Law Enforcement</i>	<i>2022</i>	<i>13.00%</i>	<i>18.10%</i>

Ohio Police and Fire Retirement System

23 Township certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighter and paramedic members' wages. The Township has paid all contributions required through December 31, 2022.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CF12N-Arbor Circle/Goldie Road	\$ 151,593	0.00%
2018 Ford E35 Medix RP90 Ambulance	11,423	5.25%
Pumper Fire Truck	355,122	3.14%
OPWC - CF23W - Road Loan - 2019	1,240,239	0.00%
(2) 2022 International HV507 Snowplow Dump Trucks	208,490	2.70%
CF30Y 2021 Road Resurfacing Part II	280,560	0.00%
Total	<u>\$ 2,247,427</u>	

The OPWC loan for Arbor Circle was fully disbursed during 2018 and will be amortized on a semi-annual basis beginning January 2019 over a Twenty (20) year term with payments of \$9,187 per year.

In 2018, the Township entered into a Master-Lease Purchase agreement with TCF Equipment Finance for a 2018 Medix RP90 Ambulance for \$104,618. The lease is for five years and is paid from the Ambulance and Emergency Medical Services Fund semiannually.

In 2019, the Township entered into a Master Lease Purchase agreement with First National Bank Leasing for a 2019 Pumper Fire Truck for \$485,000. The lease is for ten years and is payable from the Fire District fund semi-annually. During 2022, an error was identified in the reporting of the Pumper Fire Truck's outstanding debt balance in the prior year audit report. The prior year audit report stated an incorrect outstanding balance as of December 31, 2021 of \$399,780 and the actual outstanding balance as of December 31, 2021 was \$377,626.

The Township issued general obligation notes through OPWC to finance the pavement of roads. The loan was fully disbursed during 2021 and will be amortized on a semi-annual basis beginning July 2021 over a Twelve (12) year term with payments of \$118,118 per year from the Road and Bridge fund. The Township's taxing authority collateralized the notes.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

In 2021, the Township entered into a Municipal-Lease Purchase agreement with F.N.B Equipment Finance for two (2) 2022 International HV507 Snowplow Dump Trucks for \$240,057. The lease is for seven years and the first payment is due April 2022.

In 2021, the Township issued general obligation notes through OPWC to finance the resurfacing of roads. The loan disbursed \$280,560 of debt proceeds in 2022. The note will be amortized on a semi-annual basis beginning July 2022, over a Ten (10) year term with payments of \$34,292 per year from the Road and Bridge Fund. An amortization schedule is not yet available for this note.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC - CF12N Arbor Circle/Goldie Road	2018 Ford E35 Medix RP90 Ambulance	Pumper Fire Truck	OPWC - CF23W - Road Loan - 2019	(2) 2022 International HV507 Snowplow Dump Trucks
2023	\$ 9,187	\$ 11,723	\$ 56,954	\$ 118,118	\$ 38,169
2024	9,187	-	56,954	118,118	38,169
2025	9,187	-	56,954	118,118	38,169
2026	9,187	-	56,954	118,118	38,169
2027	9,187	-	56,954	118,118	38,169
2028-2032	45,938	-	113,908	590,591	39,166
2033-2037	45,938	-	-	59,059	-
2038-2042	13,782	-	-	-	-
Total	<u>\$ 151,593</u>	<u>\$ 11,723</u>	<u>\$ 398,678</u>	<u>\$ 1,240,240</u>	<u>\$ 230,011</u>

Note 10 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Reserved for Retirements	\$ 150,000	\$ 643,750	\$ 793,750
Outstanding Encumbrances	4,663	45,563	50,226
Total	\$ 154,663	\$ 689,313	\$ 843,976

The fund balance of special revenue funds is either restricted or committed. The fund balance capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects, funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – American Rescue Plan Act of 2021 – ARPA

The United States has put a plan into place to provide direct relief to the American people, rescue the American economy and contain COVID-19. During 2022, the Township received funding under the American Rescue Plan Act (ARPA) due to the Coronavirus State and Local Fiscal Recovery Funds program). The financial impact of ARPA and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Restatement of Fund Balances

The following adjustments are reflected in the January 1, 2022 General and Special Revenue fund balances:

	General Fund	Special Revenue Fund
December 31, 2022 ending balance	\$ 1,271,064	\$ 4,429,034
To account for checks voided in 2022 from 2021	2,670	5,333
January 1, 2022 restated balance	\$ 1,273,734	\$ 4,434,367

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Liberty Township
Trumbull County
1315 Churchill Hubbard Road
Youngstown, Ohio 44505

To the Board of Trustees:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Liberty Township, Trumbull County, (the Township) and have issued our report thereon dated September 27, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 27, 2024

LIBERTY TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2023 and 2022, receipts and disbursements were not always posted correctly. The following posting errors were noted:

- During 2023 and 2022, debt proceeds and corresponding capital outlay expenditures of \$62,364 and \$280,560, respectively, were not posted to UAN.

Not posting receipts and disbursements resulted in the financial statements requiring adjusting entries. The Financial Statements reflect all adjustments.

The following errors noted in the Township’s financial statements were determined to be immaterial and did not require adjustments to properly present the Township’s financial activity:

- During 2023, Manufactured Home Tax Settlement revenue was posted to Intergovernmental revenue in the General, Road and Bridge, and Police District Funds instead of Property Tax in the General, Road and Bridge, and Police District Funds.
- During 2023, an Ambulance Grant from the State of Ohio for \$20,000 total was posted to Miscellaneous revenue in the Fire District Fund instead of Intergovernmental revenue in the Fire District Fund.
- During 2022, two Fire Grants received from the State of Ohio were posted to Miscellaneous revenue in the Fire District Fund instead of Intergovernmental revenue in the Fire District Fund.
- During 2022, a maintenance warrant receipt was posted to Fines and Forfeitures instead of Intergovernmental.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials’ Response – We have corrected the immaterial intergovernmental revenue misclassifications by the end of 2023 into 2023. We will post receipts of all debt proceeds and corresponding capital outlay, even when paid directly to contractors, by OPWC in the future.

LIBERTY TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2023-002

Non-Compliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees can authorize the drawing of a warrant for the payment of the amount due. The Board of Trustees has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.
2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriations.
3. Super Blanket Certificate – The Board of Trustees may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2023, 32% and 2022, 26% of the expenditures tested were not certified by the Fiscal Officer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance.

LIBERTY TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2023-002 (Continued)

Non-Compliance (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used within 30 days of the obligation date and approved by the Board of Trustees.

Officials' Response – We will use the three exceptions above more often when in these situations. Through our post-audit conference with our IPA, we understand the process better and can better control our disbursements and follow the ORC.

**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Ohio Revised Code Section 5705.41(B)	Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/19/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov